

Deepak Moorjani <deepak@moorjani.com>
To: zubie moorjani <zubie@moorjani.com>
Cc: sunil_moorjani@moorjani.com
Re: Situation update

January 3, 2004 12:14 PM

Hi Mom,

As we discussed, here are my thoughts on the situation.

The bank will force you and Dad into foreclosure if you don't find a negotiated/friendly settlement. While I have not received Dad's "letter," I imagine that it will be mostly finger-pointing without any real thoughts about finding a solution.

He sees you as the enemy, because "you left him." He sees Tony and I as protecting your interests at his expense. Funny, because we're actually trying to help him (see note below). He remains unwilling to deal with reality.

I am withdrawing from this situation, because I think that it is impossible to help someone who doesn't want to help himself. My suggestions to you:

1. Get your son (Sunil) involved. He should call Dad every day and try to get him to act responsibly. Dad needs to separate the marriage situation from the financial situation as much as possible. I've said this to him, since day 1. Together, you need to fight the bank. He continues to behave selfishly.
2. Moti needs to get involved. I have tried to have Tulsi and Jas call Moti to get him involved. It seems that he is the only one who can help to sway Dad's view, as Dad ignores Tulsi and Jas on this matter. Jas was going to call him but decided against it. Jas means well, but he isn't too bright. He asked me to take a second loan on my place and make up the shortfall. He also thinks that the house is potentially worth \$3-4mm.

The bank wants a final settlement (and the deeds) by Jan 15, 2004. Time is not on your side.

On Dec 28, 2003, at 9:57 PM, deepak@moorjani.com wrote:

Thank you for the update. Hopefully, you have recovered from the flu and your blood pressure is under control. Here is an update.

Mom's blood pressure has elevated to 185-190/100, and she is on medication. She is remaining involved in order to help with the situation. When we met with Skybank, the senior banker (Kenneth Nagel, Executive Vice President) indicated that he would take a harsh position, if necessary. These bankers have a fiduciary obligation to protect the interests of their shareholders, and they will go to court without any hesitation. They have a business to run, but they indicated that they would work with us, if possible. This is their first alternative, but it is not their only alternative.

The bank is willing to work towards a negotiated solution, and this requires that you and Mom be involved as the joint signatories on the loans. If you are not involved (directly or indirectly), then the bank will pursue its claims in the court system. This will lead to a negative situation for each of you, as each will have to engage a bankruptcy lawyer, file bankruptcy, and give up most of your possessions (and possibly some portion of future earnings). This bankruptcy will also hinder your ability to do simple things, like subscribe to cell-phone service, rent an apartment, get a credit card, etc.

If you don't engage, then I imagine that the situation will get very bad, very quickly. No one wins in litigation except the lawyers, and I recommend that you try to avoid this. From an obligation standpoint, the fact that you have vacated the house and moved to Florida does not change the situation.

From a timing perspective, we are somewhat lucky to be in the holiday season, but I think you need to re-evaluate your position and get involved quickly. I am willing to help but am unable to do anything without your empowerment. As Uncle Jas has told you, I will be out of the country (in India) starting on Jan 7 and will be gone for most of the month.

The urgency of the situation requires that you and Mom (and me, to the extent that you decide) agree on a strategy for working with the bank. This is to reduce the negative potential of the situation. In my previous email, I have indicated the possible options, my recommendations and my request for your concurrence. If you want me to help, I am ready and willing, but I am constrained by travel schedules and the lack of signature authority.

Love,
Deepak

On Dec 22, 2003, at 8:11 AM, gul@moorjani.com wrote:

At present I am on high blood pressure medicine and doctors (more than 164/100) has advised me not to get involved in anything which can cause increase in blood pressure.

Also, I do not have telephone at my apartment and I have to use someone else's or local library's computer to get my e-mail, which can take days.

I am due to see doctor on 23rd and will find out about my blood pressure. At present, I do not want to get involved with this house situation.

Gul

On Fri, 19 Dec 2003 10:53:04 -0800, deepak@moorjani.com wrote:

Begin forwarded message:

From: deepak@moorjani.com
Date: November 30, 2003 2:13:13 PM PST

To: gul@...
Subject: Situation update

Dear Dad,

I hope that you had a great Thanksgiving holiday. I went to Toledo to visit, and we spent the day with the Joseph family.

On 11/26/03, Tony Pizza and I had the chance to meet with Skybank to discuss possible solutions. In attendance were Chuck Parcher (Senior Vice President, Commercial Loans), Kenneth Nagel (Executive Vice President and Senior Credit Officer) and Felix Melchor (Vice President, Special Assets). Of this group, Kenneth is the senior member and the ultimate decision-maker. Felix is the point man, and Chuck is tangentially involved.

Before I begin, I think it's important for you to realize that there isn't any hidden agenda - we are simply trying to be helpful, and it is probably best that a third-party (in this case, Tony and I) negotiate on behalf of you and Mom. If you've gotten the impression that we're taking sides, then I apologize for my failure in this regard. Personally, I have nothing to gain or lose, and neither does Tony. In reality, you have the most to lose in this situation, because your assets are not in a pension fund and are not protected - which means that these assets are subject to seizure by the bank. In effect, we are actually working to help you more than anyone else.

Let's put it another way. You and Mom owe \$1.2mm to the bank, and whether it is a mortgage, home equity line, or personal loan, the bank can pursue its claims if there is a shortfall. The liability is joint and several - which means that the bank can pursue its claims with you, Mom, or both. Also, it can be a friendly negotiation, or the dispute can go to court where the bank can get a "deficiency judgment." Looking at the assets, the bankers imagine that they will take possession of the house and something else - the Buck Road land is at the top of the list. It's free and clear of liens, and there isn't a mortgage attached to it. Mom's assets are mostly in the form of pension funds, and legally, the bank is unable to seize these assets (even in court). If you had a pension, then this would hold true for you as well.

The bank is willing to value the house at \$800k, and in their minds, there is a \$400k deficiency. While they are nice people, they do have a fiduciary responsibility to make any deficiency as small as possible, and as a result, they want something in addition to the house. If there is something available, then Skybank has an obligation to pursue it. This is why the land comes into play. In the end, there will likely be some movement in the numbers, and the bank will probably agree to a number that is less than \$1.2mm. We have two choices, and I'd like to know your preference.

1. We offer the bank the house and the Buck Road land. This is not an attractive option, but they will probably accept this immediately.
2. We offer the bank the house and some cash (probably \$50-100k). In this case, we keep the Buck Road land. I'm not sure if this cash amount will have to be paid immediately or if they will take a note (perhaps a lien on the Buck Road land that is payable when it is sold). This is not a great outcome for the bank, and it might take some negotiation to get them to accept this offer.

Personally, I think the second option is the way we should proceed. The bank has done an initial check on the Buck Road land and have been told that it is probably worth \$190k (it's assessed Wood County value). As raw land, the absorption period is probably 12-18 months (meaning that it will take 12-18 months to sell it).

The question for you: How much do you want the land?

One thing to consider: in either scenario, the bank will forego interest payments until the property or properties are sold, and Skybank will assume the risk of selling and the associated costs (brokerage fees).

As an administrative item, I need to get a readable copy of the Pamela Rose agreement in order to understand any liabilities (brokerage fees) that might be generated by a bank transaction. The copy that you sent via email is not readable. Please fax to me at 309-404-8407. I think that it is also wise that you not allow (to the extent that you speak with either party) the auction/real estate company and the bank to speak to each other. This is to prevent any brokerage fee claim that

might be created.

Talk to you,
Deepak